



Housing Authority of the City of Alameda

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To: Honorable Chair and
Members of the Board of Commissioners

From: John A. Russo
Chief Executive Officer

Date: September 6, 2011

Re: Provide Direction on Concept of Housing Authority Autonomy

BACKGROUND

An organizational study conducted in early 2010 provided options for Housing Authority restructuring. One option was for the Housing Authority to regain its independent status.

Last July, under the Interim City Manager's direction, the Executive Director made a presentation to the City Council regarding the reorganization of the Housing Authority. Options for the relationship between the City and Housing Authority were presented. Council directed staff to study the options and to present a recommendation at a future meeting.

Prior to April 7, 1981, the Housing Authority was autonomous. It had a seven-member Board of Commissioners appointed by the Mayor and City Council. The Board was responsible for the budget and all other decisions required of a governing body. On April 7, 1981, the City Council declared itself the Board of Commissioners and created a Housing Commission. Over the years, the Board has delegated more and more responsibility to the Housing Commission, retaining responsibility for only a few actions, including adopting the budget, real estate transactions, approval of contracts in excess of \$75,000, etc.

On July 1, 2000, at the direction of then City Manager Jim Flint, Housing Authority employees became City of Alameda employees. They were added to the City's PERS contract, added to the City's bargaining units (MCEA and ACEA), and were provided City benefits (e.g., health insurance, life insurance, etc.). As Housing Authority employees, they were under the Housing Authority's PERS contract, were represented by Operating Engineers Local 3 (management and confidential employees were unrepresented), and had benefits nearly identical to City employees.

HABOC
Agenda Item #3-A
9-6-11



DISCUSSION

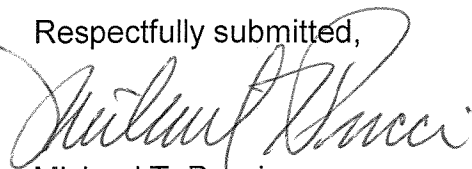
The Executive Director has met with the City Manager, Deputy City Manager, Interim City Attorney, and Human Resources Director to discuss the concept of Housing Authority autonomy. Their insight has been valuable. As a result, a Frequently Asked Questions (FAQ) sheet was developed and improved upon to address any questions that the Board of Commissioners and City Council may have.

At their June and July meetings, the Housing Commission reviewed and discussed the proposal for Housing Authority autonomy. The Commission voted unanimously to forward a recommendation to the Board of Commissioners and City Council to take the steps necessary to make this happen.

RECOMMENDATION

Provide direction to staff on the concept of Housing Authority autonomy.

Respectfully submitted,



Michael T. Pucci
Executive Director

MTP:ED

Exhibit:

1. Housing Authority Autonomy – FAQ

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HOUSING AUTHORITY AUTONOMY FAQ

- What benefits would the City realize?

The City Council would be relieved of the responsibility for Housing Authority employees, approving contracts, the budget, and other tasks.

Currently, the City is experiencing financial difficulties, having to do the same quantity of work with fewer employees. Over time, the City would realize the benefits from having to do less on behalf of the Housing Authority. There would be 50 fewer employees; therefore, there would be fewer performance reviews, disciplinary actions and benefits to administer; there would be 50 fewer pay checks to process; 11 fewer vehicles to maintain; and at least four fewer Board meetings to hold in the Council Chambers.

If the Housing Authority were to experience a loss of income as a result of federal budget cuts, the City would not bear the burden of these cuts. City employees would not be bumped by more long-term Housing Authority staff if a reduction in force is needed.

The City Council also has asked staff to evaluate opportunities to reduce staff workload related to its boards and commissions. By appointing the members of the Housing Commission to the Board of Commissioners, the City Council would be able to eliminate the Housing Commission. Items that go to the Board of Commissioners are first taken to the Housing Commission for review and recommendation. This two-step process creates work for staff that could be eliminated with an autonomous Board of Commissioners.

Why become autonomous?

- What benefits would the Housing Authority realize from autonomy?

The Housing Authority would be able to react more quickly to opportunities that arise to acquire affordable housing sites as well as to apply for additional housing funds from government agencies. Contracting for landscaping, painting, floor covering and other necessary services could be handled quickly and more efficiently with the process going to the new Board of Commissioners just once rather than the two-step process now required.

Employees trained in Housing Authority operations would not be subject to bumping by others in the City organization, which has happened in the last few years. There is a significant cost in training and morale when this occurs. Of course, the reverse also is true. If the Housing Authority were to experience a reduction in force, City employees also would not be subject to bumping.

What action would be needed to become autonomous?

To become autonomous, two previous actions would have to be reversed. The most recent action taken was in July 2000, when Housing Authority employees became City

employees. The other action was taken in 1981 when the City Council appointed itself the Board of Commissioners and appointed the previous Board as members of a newly created Housing Commission.

No other changes would be required of the City Council because the Housing Authority is an independent entity created by the City Council under rules set down in the California Health and Safety Code. It owns its assets (i.e., office building, housing properties, land, vehicles, office equipment, etc.). The Housing Authority is a member of two risk pools, separate from the City, for workers' compensation coverage and for property and liability coverage. The Housing Authority's budget is adopted by its Board of Commissioners, separate from the City's budget process. The Housing Authority has an independent auditor.

What would the City Council's role be with the Housing Authority?

The City Council has the power to appoint the Board of Commissioners. It also would continue to control the budget for City programs funded by City funds (e.g., CDBG, Down Payment Assistance Program, etc.). The Community Improvement Commission (CIC) would continue to control the budget for the Affordable Housing Set-Aside funds. The Housing Authority currently administers the CDBG Program and Affordable Housing Programs, as well as affordable housing development for the City.

Who would make up the Board of Commissioners?

Staff recommends that the City Council appoint the seven current members of the Housing Commission as the Board of Commissioners. Terms would be staggered so that no more than two commissioners' terms would end in the same year. Upon completion of terms or a resignation of a Board member, the City Council would appoint a new Board member.

The Housing Commission is made up of an able group of men and women capable of providing oversight and making necessary policy decisions. They have a wide range of experience in real estate, social services, business, government, etc. Requirements for the make up of the Board of Commissioners under the California Health and Safety Code 34246, including four-year terms for the regular members and two-year terms for the tenant members (one must be a senior), are met by the current composition and structure of the Housing Commission.

For many years, the Board has accepted the Housing Commission's recommendations on a variety of actions; therefore, the Council/Board appears to be satisfied with the Housing Commission's ability to govern effectively.

What are the duties of the Board of Commissioners?

The current Board has delegated authority to the Housing Commission for all actions other than the budget, contracts exceeding \$75,000, real property transactions, and employee wages and benefits. These duties would transfer to the new Board. The new Board also would continue the work of the Housing Commission, adopting housing policies (e.g., occupancy standards, procedures for terminating assistance), opening

and closing the waiting lists, holding public hearings for the Five-Year and Annual Plan, as well as making many other decisions that have an impact on the operations of the Housing Authority.

What implications would there be on the City's budget?

The Housing Authority's budget is separate from the City's budget with the exception of the Housing Development and Programs Division which is wholly funded by City/CIC funds. The City Council and CIC would retain control over this portion of the Housing Authority's budget.

Currently, the Housing Authority contracts with the City for a variety of services, including policing, staffing, payroll, vehicle maintenance, etc. The Housing Authority would continue to contract for policing services. A contract has been in place for these services for many years, and the Housing Authority has been pleased with the result. Of the \$299,000 that the Housing Authority provided to the City over the FY2010-2011 fiscal year, \$210,000 was for policing services.

The Housing Authority's income is primarily from federal funding. This funding may only be used for the Section 8 Program. The Housing Authority also has some income from tenant rents and miscellaneous (e.g., maintenance charges). Though there is discretion over the use of these funds, they are needed to operate the housing complexes; this income pays for such things as utilities and maintenance. If there is a surplus, it is placed in a reserve fund for capital improvements, such as new roofs, furnaces, etc.

A more detailed analysis of the Housing Authority's budget and impact on the City's cost allocation is attached.

What would happen to the contracts in place for City-provided services?

The Housing Authority paid \$299,060 to the City for direct services for last fiscal year. Of this, \$210,000 was for Police services. As mentioned above, the Housing Authority would continue to contract with the City for Police services and, at least initially, for services from the City Attorney's Office, Human Resources Department, Information Technology Division, etc. This would ease the transition. Over time, the Housing Authority would consider outside contractors for some services if it believed the services could be provided at a lower cost. For instance, payroll services used to be provided by ADP, an outside contractor, prior to the 2000 transition to City employment. It is likely that the Housing Authority would consider contracting for this service again.

In addition, with the reorganization and consolidation of all affordable housing programs and development within the Housing Authority, the City and Housing Authority entered into an agreement to have the Housing Authority Administer those programs on the City's behalf.

Are there options on what to do with Housing Development and Programs Division staff?

As mentioned previously, in February 2010, all housing programs and development activities were transferred to the Housing Authority. These activities are fully funded with City and CIC funds. The City Manager has the option to return these employees to the City or to allow the Housing Authority to take them on as employees along with all other employees currently assigned to the Housing Authority.

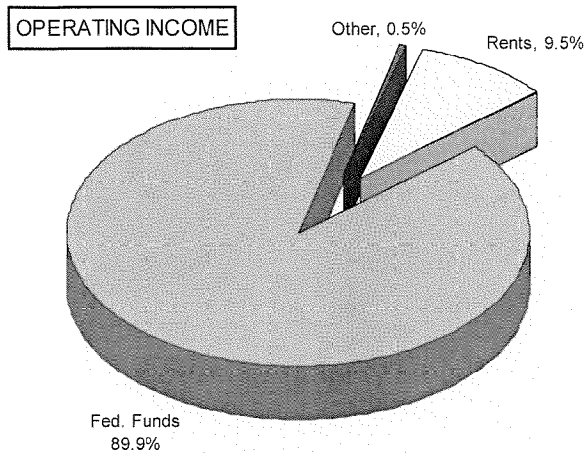
What would happen with the employees assigned to the Housing Authority?

Employees would no longer be City of Alameda employees. All existing employees would be offered Housing Authority employment with the same seniority that they have now as City employees. This would reverse the action taken in July 2000. The City did not acquire the liability for accrued sick leave, vacation balances, etc. when Housing Authority employees became City employees. Under an existing agreement between the Housing Authority and City of Alameda, the Housing Authority reimburses the City for all costs associated with employees assigned here, with the exception of employees in the Housing Development and Programs Division. In the instance of Housing Development and Programs, the Housing Authority is providing services on behalf of the City and the CIC.

Employees would have the opportunity to organize as they were prior to July 1, 2000, if they desire. Prior to their transition to City employment, Housing Authority employees who are now members of ACEA were members of Operating Engineers Local 3. Current MCEA employees were unrepresented prior to July 1, 2000; however, salary and benefit comparability with City management and confidential employees was maintained. After the transition, the Housing Authority would provide salaries and benefits comparable to City employees. The Housing Authority's PERS contract would be reactivated or a new contract started, if necessary. Life, health, and other forms of insurance would continue with the same coverage amounts as are currently provided.

HOUSING AUTHORITY BUDGET

Most of the Housing Authority's budget is restricted. As you can see from the attached chart, nearly 90 percent (\$28.9 million) of the Housing Authority's funding comes from the federal government. These funds are restricted for use in operating the Section 8 programs.



Another 9.5 percent of the Housing Authority's income comes from rents paid by tenants. This amounts to just over \$3 million. These funds are needed for operating the housing complexes.

The Housing Authority contracts with the City of Alameda for a variety of services. Actual total costs for these services for last fiscal year were slightly more than \$299,000, per the chart below.

Many of these expenses would continue after transition to an autonomous Housing Authority, if this action were approved.

Other services are likely to continue during a transition phase, such as payroll services.

AHA Expenses for FY2011	
Type of Expense	Actual
Legal Services	9,319
Police Services	210,000
CEO, Payroll, and IT Services	45,000
Vehicle Repairs	4,464
HR Services	14,877
Radio system	15,400
TOTAL	\$ 299,060

The City would notice very little difference from the transition, yet the amount of work from this change would be reduced, thus reducing City costs.